

FISCAL NOTE

SB 3039

March 10, 2006

SUMMARY OF BILL: Prohibits the use of eminent domain for economic development. Requires any taken parcel not used for the purpose for which it was intended or for any public use to be first offered to the previous owner or their heirs or assigns. If sold to such individuals, the price would be the price paid for the property or fair market value, whichever is less.

ESTIMATED FISCAL IMPACT:

Other Fiscal Impact – Changes in property tax collections could occur as a result of this bill. Currently, if an entity acquires property through the power of eminent domain, there may be a change in tax status as the property changes from a taxable parcel to a tax exempt parcel. If the taken parcel is subsequently leased to a private entity, in-lieu of tax payments may be negotiated with the private entity. The amount of such payments can vary according to individually negotiated circumstances and may differ from the amount of tax collected prior to the government taking. Under this bill, such transactions would no longer take place. The property tax revenue impact cannot reasonably be quantified due to the unique circumstances of each taking.

To the extent that the amount received for any sale to a former owner is equivalent to the amount the condemning entity would have received through public sale, there would be no change in state or local government revenues or expenditures. To the extent that the amount received for any sale to a former owner is less than the amount the condemning entity would have received through public sale, there will be a decrease in revenues to state or local government. Although the specific circumstances of each sale will determine the amount of such decrease in revenues, it is estimated that the decrease could be significant.

Assumptions:

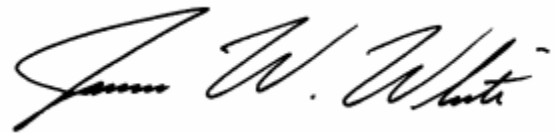
- Industrial development boards and developmental housing authorities are authorized to use the power of eminent domain to take property.

Staff has been unable to find any instance of industrial development boards utilizing this power.

- The use of the power of eminent domain for traditional purposes such as the construction of roads would be a permissible public use, rather than a promotion of economic development, and would therefore continue.
- Any administrative costs to state or local governments will be equivalent to the costs to sell such property in the absence of this bill.

CERTIFICATION:

This is to duly certify that the information contained herein is true and correct to the best of my knowledge.

A handwritten signature in black ink, reading "James W. White". The signature is fluid and cursive, with the first name "James" written in a smaller, more compact script than the last name "White".

James W. White, Executive Director